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Date: 8 October 2018

Dear Mr Gibbons,

**BSC Modification P297 'Receipt and Publication of New and Revised Dynamic Data items'**

Thank you for your recent letter regarding the the request to further extend the implementation date of BSC modification P297. I share your disappointment with the situation that we find ourselves in. The P297 implementation deadline has been known since April 2017. The fact that a further modification, P373, has only now been raised<sup>1</sup> which the proposer (National Grid Electricity System Operator (ESO)) has requested is treated as urgent, raises significant concerns about how this issue has been managed.

At present we will not make a decision on the request to extend the P297 implementation date. We will need to consider this issue in the round, in light of the further, directly related urgent modification now being raised.

P373 proposes to reverse P297 such that it would not be implemented on 1 November 2018 and has requested the modification is progressed urgently. We will assess the case for urgency against the established urgency criteria. At this stage I cannot fetter the discretion of the Authority by giving you any indication of the outcome of such assessment.

Notwithstanding that we have not yet reached a view on the urgency of P373, we have noted to the ESO that if this modification proceeds (on an urgent basis or otherwise) we expect the ESO to provide a thorough justification as to why the original benefits of P297 can no longer be delivered through P297. As part of this, the ESO must clearly address each of the different components of the modification. Moreover, we also expect a clear commitment and detailed plan from the ESO to deliver the original benefits of P297 through an alternative route. We are concerned that it does not appear that this assessment and planning has been developed in any detail prior to raising an urgent modification to reverse P297 entirely.

Should the 1 November 2018 deadline remain for P297 and it is not implemented in these timescales, then I would refer you to our Enforcement Guidelines<sup>2</sup>. This document outlines our enforcement approach and describes how we identify and decide whether to investigate a potential breach and the range of actions which we may decide to take to bring a company into compliance. We are not obliged to take enforcement actions and we make all

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<sup>1</sup> <https://www.elexon.co.uk/mod-proposal/p373/>

<sup>2</sup> <https://www.ofgem.gov.uk/publications-and-updates/enforcement-guidelines>

enforcement decisions on a case-by-case basis, considering the specific facts of the matter, the legal context and our available resources.

The P297 issues are primarily driven by the wider context of the ESO failing to deliver fully its planned Electricity Balancing System (EBS). We are continuing work to understand further why EBS has not been delivered fully and when the planned EBS functionality may be implemented by the ESO. There are a number of interrelated EBS issues which continue to evolve and require further scrutiny. Until these issues are resolved we anticipate that significant uncertainty will remain for GB industry participants and BSC Parties. We have asked the ESO to be as open and transparent as possible about EBS issues and developments. Nevertheless I would like to reassure the Panel that the ESO's performance with regards to these issues will be considered as part of our new ESO performance and incentives framework. I'd like to take this opportunity to welcome any Panel member to submit evidence to Ofgem for consideration as part of the upcoming ESO mid-year performance review<sup>3</sup>.

Yours Sincerely,

Grendon Thompson  
Head of ESO Regulation

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<sup>3</sup> <https://www.ofgem.gov.uk/publications-and-updates/call-evidence-eso-performance>